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Turkey

Grain and Feed

Increase in Rice Import Duties

2001

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Report Highlights:

The Government of Turkey increased import duties from the current 25 percent to 37 percent for paddy rice and from 35 to 46.5 percent for milled rice. The Government was already limiting imports by applying quantitative control certificate restrictions and seasonal bans.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ankara [TU1], TU

Executive Summary

The Government of Turkey increased import duties from the current 25 percent to 37 percent for paddy rice and from 35 to 46.5 percent for milled rice.

For the last two years, the Ministry of Agriculture and Rural Affairs (MARA) Protection and Control Division has been limiting imports by applying year-round quantitative restrictions and seasonal bans at harvest time through its control certificate (import permit) process. 2001 paddy rice certificates (2,000 MT each) were assigned August 30 expiration dates, coinciding with the local harvest. Since that time, the Ministry of Agriculture has been refusing to issue new import permits. Ministry officials advised us that they stopped paddy rice imports to avoid sales of the imported rice to TMO (state grain marketing board) in lieu of domestically produced product, but local and imported rice are relatively easy to differentiate. The measure is more likely to be aimed at increasing farm gate prices at harvest time.

Some milled rice is still being imported under previously issued permits, largely from Egypt, but in limited quantities of 1,000 tons per shipment. The official rationale behind quantitative limitations of paddy and milled rice is that MARA laboratories cannot safely sample larger quantities for pests and insecticide tests. Ministry officials continue to maintain that they are hoping to expand laboratory facilities and hire additional staff to handle larger representative samples.

Some Turkish millers, anticipating continuing shortages and the tariff rate hike, have been purchasing as much local product as possible to profit from higher retail market prices. Traders and millers are uncertain whether the Ministry will eliminate the non-tariff barriers, now that the higher duties are in place. Turkish consumers, who are already reeling from the effects of an economic crisis, and sharp devaluation of the lira, will ultimately pay the price of the new duties through higher retail prices. Wheat product/pasta sales are also likely to pick up as a result of an increased competitive price advantage.